

**Introduced by Senators Simitian and Runner**

February 21, 2006

---

An act to amend Section 42238 of, and to add Section 42238.48 to, the Education Code, relating to school finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1358, as introduced, Simitian. School finance: revenue limits.

Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county. Existing law requires the base revenue limit for a fiscal year to be determined by adding to the base revenue limit for the prior fiscal year certain amounts.

This bill would require a specified equalization adjustment to be added for the 2006-07 fiscal year.

Existing law requires a revenue limit to be calculated for each school district and each county superintendent of schools and requires the amount of the revenue limit to be adjusted for various factors.

This bill would, for the 2006-07 fiscal year, require the Superintendent of Public Instruction to compute an equalization adjustment for each school district so that the prior year base revenue limit per unit of average daily attendance of a school district is not less than the prior year base revenue limit per unit of average daily attendance above which fall not more than 10% of the total statewide units of average daily attendance for the appropriate size and type of school district.

This bill also would make technical, nonsubstantive changes.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 42238 of the Education Code is  
2     amended to read:  
3     42238. (a) For the 1984-85 fiscal year and each fiscal year  
4     thereafter, the county superintendent of schools shall determine a  
5     revenue limit for each school district in the county pursuant to  
6     this section.  
7     (b) The base revenue limit for a fiscal year shall be determined  
8     by adding to the base revenue limit for the prior fiscal year the  
9     following amounts:  
10    (1) The inflation adjustment specified in Section 42238.1.  
11    (2) For the 1995-96 fiscal year, the equalization adjustment  
12    specified in Section 42238.4.  
13    (3) For the 1996-97 fiscal year, the equalization adjustments  
14    specified in Sections 42238.41, 42238.42, and 42238.43.  
15    (4) For the 1985-86 fiscal year, the amount received per unit  
16    of average daily attendance in the 1984-85 fiscal year pursuant to  
17    Section 42238.7.  
18    (5) For the 1985-86, 1986-87, and 1987-88 fiscal years, the  
19    amount per unit of average daily attendance received in the prior  
20    fiscal year pursuant to Section 42238.8.  
21    (6) For the 2004-05 fiscal year, the equalization adjustment  
22    specified in Section 42238.44.  
23    (7) *For the 2006-07 fiscal year, the equalization adjustment*  
24    *specified in Section 42238.48.*  
25    (c) Except for districts subject to subdivision (d), the base  
26    revenue limit computed pursuant to subdivision (b) shall be  
27    multiplied by the district average daily attendance computed  
28    pursuant to Section 42238.5.  
29    (d) (1) For districts for which the number of units of average  
30    daily attendance determined pursuant to Section 42238.5 is  
31    greater for the current fiscal year than for the 1982-83 fiscal year,  
32    compute the following amount, in lieu of the amount computed  
33    pursuant to subdivision (c):

1 (A) Multiply the base revenue limit computed pursuant to  
2 subdivision (c) by the average daily attendance computed  
3 pursuant to Section 42238.5 for the 1982-83 fiscal year.

4 (B) Multiply the lesser of the amount in subdivision (c) or 1.05  
5 times the statewide average base revenue limit per unit of  
6 average daily attendance for districts of similar type for the  
7 current fiscal year by the difference between the average daily  
8 attendance computed pursuant to Section 42238.5 for the current  
9 and 1982-83 fiscal years.

10 (C) Add the amounts in subparagraphs (A) and (B).

11 (2) This subdivision shall become inoperative on July 1, 1998.

12 (e) For districts electing to compute units of average daily  
13 attendance pursuant to paragraph (2) of subdivision (a) of Section  
14 42238.5, the amount computed pursuant to Article 4  
15 (commencing with Section 42280) shall be added to the amount  
16 computed in subdivision (c) or (d), as appropriate.

17 (f) For the 1984-85 fiscal year only, the county superintendent  
18 shall reduce the total revenue limit computed in this section by  
19 the amount of the decreased employer contributions to the Public  
20 Employees' Retirement System resulting from enactment of  
21 Chapter 330 of the Statutes of 1982, offset by any increase in  
22 those contributions, as of the 1983-84 fiscal year, resulting from  
23 subsequent changes in employer contribution rates.

24 (g) The reduction required by subdivision (f) shall be  
25 calculated as follows:

26 (1) Determine the amount of employer contributions that  
27 would have been made in the 1983-84 fiscal year if the  
28 applicable Public Employees' Retirement System employer  
29 contribution rate in effect immediately prior to the enactment of  
30 Chapter 330 of the Statutes of 1982 was in effect during the  
31 1983-84 fiscal year.

32 (2) Subtract from the amount determined in paragraph (1) the  
33 greater of subparagraph (A) or (B):

34 (A) The amount of employer contributions that would have  
35 been made in the 1983-84 fiscal year if the applicable Public  
36 Employees' Retirement System employer contribution rate in  
37 effect immediately after the enactment of Chapter 330 of the  
38 Statutes of 1982 was in effect during the 1983-84 fiscal year.

39 (B) The actual amount of employer contributions made to the  
40 Public Employees' Retirement System in the 1983-84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent of Public Instruction with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.

(h) The Superintendent of Public Instruction shall apportion to each school district the amount determined in this section less the sum of:

(1) The district's property tax revenue received pursuant to Chapter 3 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance, except for any amount received pursuant to Section 33492.15, paragraph (4) of subdivision (a) of Section 33607.5, or

Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 for which the district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the district.

(i) A transfer of seventh and eighth grade pupils between an elementary school district and a high school district shall not result in the receiving district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.

SEC. 2. Section 42238.48 is added to the Education Code, to read:

42238.48. (a) (1) For the 2006–07 fiscal year, the Superintendent shall compute an equalization adjustment for each school district, so that the 2005–06 base revenue limit per unit average daily attendance of a school district is not less than the 2005–06 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).

(2) For purposes of this section, the base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary.....	less than 101

1	Elementary .....	more than 100
2	High School.....	less than 301
3	High School.....	more than 300
4	Unified.....	less than 1,501
5	Unified.....	more than 1,500

6

7 (c) The Superintendent shall compute a revenue limit  
8 equalization adjustment for each school district's base revenue  
9 limit per unit of average daily attendance as follows:

10 (1) Multiply the amount computed for each school district  
11 pursuant to subdivision (a) by the average daily attendance used  
12 to calculate the revenue limit for the 2006–07 fiscal year of a  
13 school district.

14 (2) Divide the amount appropriated for purposes of this  
15 section for the 2006–07 fiscal year by the statewide sum of the  
16 amount computed pursuant to paragraph (1).

17 (3) Multiply the amount computed for the school district  
18 pursuant to paragraph (1) of subdivision (a) by the amount  
19 computed pursuant to paragraph (2).

20 (d) (1) For the purposes of this section, the 2005–06 statewide  
21 90th percentile base revenue limit determined pursuant to  
22 paragraph (1) of subdivision (a), and the fraction computed  
23 pursuant to paragraph (2) of subdivision (c) for the 2005–06  
24 second principal apportionment, shall be final, and shall not be  
25 recalculated at subsequent apportionments. The fraction  
26 computed pursuant to paragraph (2) of subdivision (c) shall not,  
27 under any circumstances, exceed 1.00. For purposes of  
28 determining the size of a school district pursuant to subdivision  
29 (b), county superintendents of schools, in conjunction with the  
30 Superintendent, shall use school district revenue limit average  
31 daily attendance for the 2005–06 fiscal year as determined  
32 pursuant to Section 42238.5 and Article 4 (commencing with  
33 Section 42280).

34 (2) For the purposes of calculating the size of a school district  
35 pursuant to subdivision (b), the Superintendent shall include units  
36 of average daily attendance of any charter school for which the  
37 school district is the sponsoring local educational agency.

38 (3) For the purposes of computing the target amounts pursuant  
39 to subdivision (a), the Superintendent shall count all charter  
40 school average daily attendance toward the average daily

1 attendance of the school district that is the sponsoring local  
2 educational agency.

3 SEC. 3. This act is an urgency statute necessary for the  
4 immediate preservation of the public peace, health, or safety  
5 within the meaning of Article IV of the Constitution and shall go  
6 into immediate effect. The facts constituting the necessity are:

7 In order to make the necessary statutory changes to implement  
8 the Budget Act of 2006 at the earliest time possible, it is  
9 necessary that this act take effect immediately.